

ORIGINAL



0000147159

GERARDO IVAN HANNEL, PLLC

Gerardo Ivan Hannel, AZ State Bar No. 029318

2942 North 24th Street, Suite 114-721

Phoenix, AZ 85016

Phone (602) 710-7573

Fax (480) 347-4212

E-mail: ivan@pigeonlaw.com

RECEIVED

2013 AUG -6 A 9:37

AZ CORP COMMISSION
DOCKET CONTROL

Attorney for Plaintiffs

IN THE SUPERIOR COURT OF THE STATE OF ARIZONA

IN AND FOR THE COUNTY OF MARICOPA

**IN THE MATTER OF THE APPLICATION
OF HOPEVILLE WATER COMPANY,
INC. DBA ALLENVILLE WATER
COMPANY FOR APPROVAL TO SELL
ITS WATER SYSTEM ASSETS TO THE
TOWN OF BUCKEYE AND TO CANCEL
ITS CERTIFICATE OF CONVENIENCE
AND NECESSITY**

DOCKET NO. W-02077A-12-0493

NOTICE OF APPEARANCE

(Honorable Yvette Kinsey, Judge)

The Law Office of Gerardo Ivan Hannel, PLLC, by and through attorney Gerardo Ivan Hannel, hereby enters its appearance for Concerned Citizens in the above-entitled action.

RESPECTFULLY SUBMITTED this 6 day of AUGUST, 2013

GERARDO IVAN HANNEL, PLLC

By

Gerardo Ivan Hannel
Attorney for Plaintiffs

Arizona Corporation Commission
DOCKETED

AUG -6 2013

DOCKETED BY

nr

GERARDO IVAN HANNEL, PLLC

Gerardo Ivan Hannel, AZ State Bar No. 029318

2942 North 24th Street, Suite 114-721

Phoenix, AZ 85016

Phone (602) 710-7573

Fax (480) 347-4212

E-mail: ivan@pigeonlaw.com

Attorney for Plaintiffs

IN THE SUPERIOR COURT OF THE STATE OF ARIZONA

IN AND FOR THE COUNTY OF MARICOPA

**IN THE MATTER OF THE APPLICATION
OF HOPEVILLE WATER COMPANY,
INC. DBA ALLENVILLE WATER
COMPANY FOR APPROVAL TO SELL
ITS WATER SYSTEM ASSETS TO THE
TOWN OF BUCKEYE AND TO CANCEL
ITS CERTIFICATE OF CONVENIENCE
AND NECESSITY**

DOCKET NO. W-02077A-12-0493

**MOTION TO CONTINUE
PROCEDURAL CONFERENCE**

(Honorable Yvette Kinsey, Judge)

The Plaintiffs, by and through counsel undersigned, hereby files a Motion to Continue the Procedural Conference set by this Court for August 8, 2013 at 10:00 a.m. Plaintiff's attorney will be out of the country on that date, but wishes to inform this ACC Court about developments pertaining to the Hopeville Water Company in Superior Court.

MEMORANDUM OF POINTS AND AUTHORITIES

On 06/27/2013, Plaintiff's Concerned Citizens filed an Verified Member Derivative Complaint against Defendants Hopeville Water Company and Hopeville Community for Progress in Superior Court, which was assigned to the Honorable Douglas Rayes, Judge. See Exhibit 1.

1 Defendant Hopeville Water Company filed a Motion to Dismiss for lack of compliance
2 with A.R.S. 10-3632, which requires a demand letter prior to filing a complaint, and A.R.S.
3 10-3631 which requires that at least 25% of the Members of the corporation sign on to the
4 demand.

5 On August 1, 2013, the Court agreed to dismiss the Plaintiff's compliant without
6 prejudice and with leave to amend within 120 days. See Exhibit 2.

7
8 Plaintiffs will present a demand letter compliant with A.R.S. 10-3631 and 10-3632 to
9 Defendants in less than 10 days, as they have more than 25% of the Hopeville Water Company's
10 members in opposition to the Directors attempt to sell their water well and other assets to the
11 town of Buckeye. The ACC should be aware that per the Defendant's attorney's own admissions
12 in a letter to Plaintiffs, the vast majority of funds made by the sale of the company, should it
13 occur, would go directly to the Directors themselves; the sale price is \$771,000 and the funds to
14 be given to the community are \$117,500, with the balance going to "debts" supposedly owed to
15 the Directors and others. See Exhibit 3.

16
17 Plaintiffs have vigorously prosecuted this case in Superior Court and will continue to do
18 so expeditiously. See Exhibit 4. There is no harm to the Hopeville Water Company in allowing
19 the Superior Court to adjudicate the allegations of fraud and self-dealing that are alleged by
20 Plaintiffs. By comparison, great harm could come to Plaintiffs if the Hopeville Water Company
21 is sold and the proceeds absconded with by Defendant Directors.

22
23 Plaintiffs respectfully ask this Court to allow the action in Superior Court to proceed per
24 the Order of that Court and not allow the sale of the Hopeville Water Company in the interim.

25 RESPECTFULLY SUBMITTED this 6 day of AUGUST, 2013
26
27
28

GERARDO IVAN HANNEL, PLLC

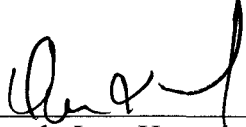
By 
Gerardo Ivan Hannel
Attorney for Plaintiffs

Exhibit 1

Gerardo Ivan Hannel PLLC
 3840 North 32nd Street, Suite 8
 Phoenix, AZ 85018
 Tel. 623-252-3752
 Fax 480-347-4212
 e-mail: ivan@lapalomalaw.com
 Gerardo Ivan Hannel, State Bar of AZ No. 029318
 Attorney for Plaintiff

IN THE SUPERIOR COURT OF THE STATE OF ARIZONA
IN AND FOR THE COUNTY OF MARICOPA

<p>ALVIN COBBINS; RUBY COOPER, ANOLA HUBERT; JAMES BROWN JR.; MATILDA WHITE; GEORGIA LAND; all as individual citizens, and in the right of and for the benefit of the Hopeville Water Company, a non profit Arizona corporation, and the Hopeville Community for Progress, a non profit Arizona corporation; CONCERNED CITIZENS GROUP OF HOPEVILLE ARIZONA, an unincorporated entity; in the right of and for the benefit of the Hopeville Water company and Hopeville Community for Progress,</p> <p style="text-align: right;">Plaintiffs,</p> <p>v.</p> <p>HOPEVILLE WATER COMPANY, INC., an Arizona non profit corporation; HOPEVILLE COMMUNITY FOR PROGRESS, INC., an Arizona non profit corporation; ABRAHAM HARRIS III, LOUIS EARLY, WILLIE WILSON, BOBBY SMITH, all as individual defendants and as board members of the Hopeville Water Company, an Arizona non-profit corporation, and the Hopeville Community for Progress, an Arizona non-profit corporation, and Hopeville Water Company, an Arizona for profit corporation; JOHN AND JANE DOES 1 THROUGH 10; JOHN DOE CORPORATIONS 1 THROUGH 10, JOHN DOE PARTNERSHIPS 1 THROUGH 10, all whose true names are unknown.</p> <p style="text-align: right;">Defendants.</p>	<p>Case No: CV2013-002997</p> <p>PLAINTIFFS' VERIFIED MEMBER DERIVATIVE COMPLAINT FOR:</p> <ol style="list-style-type: none"> 1. BREACH OF FIDUCIARY DUTIES; 2. UNJUST ENRICHMENT; 3. ACCOUNTING; 4. RESCISSION; 5. CONSPIRACY. <p><i>(Full Day Evidentiary Hearing Set for July, 29, 2013 at 9:30am)</i></p> <p><i>(Assigned to the Honorable Douglas Reyes, Judge)</i></p>
--	---

1
2 Plaintiffs, by and through undersigned counsel, pursuant to Ariz. R. Civ. P. 23.1,
3 assert this action derivatively on behalf of Hopeville Water Company ("HWC"), an Arizona
4 non-profit corporation, and Hopeville Community for Progress ("HCP"), an Arizona non-
5 profit corporation, and directly on behalf of themselves and all similarly situated members of
6 the HWC and HCP, against Defendants Abraham Harris III, Louis Early, Willie Wilson, and
7 Bobby Smith ("Defendants" or the "HWC Board" or "HCP Board"), who comprise the entire
8 board of directors of both the HWC and HCP.

9 The allegations in this verified member derivative complaint (the "Complaint") are
10 made upon Plaintiffs' personal knowledge with regard to their own acts and upon
11 information and belief as to all other matters based upon due investigation of counsel, which
12 includes review of documents publicly available via the Arizona Corporation Commission
13 and the Maricopa County Recorder. Plaintiffs believe additional evidentiary support will
14 exist for their allegations after a reasonable opportunity for discovery.

15 INTRODUCTION

16 1.

17 The community of Hopeville, Arizona, is located in an unincorporated area just
18 outside the town of Buckeye adjacent to the Interstate 10 highway. It was formed in the early
19 1980s as part of a combined federal and state relocation of the predominantly African-
20 American community that originally was known as Allenville. After repeated flooding in
21 1978 and 1980, the State of Arizona helped the residents of Allenville move to the location
22 that is now Hopeville.

23 2.

A permit to drill a groundwater well was issued to the Allenville Community

1 Development by the Arizona Department of Water Resources with permit number 55-872-
2 47, and the Maldonado Construction Company dug the well. The US Army Corps of
3 Engineers and the State of Arizona paid for the well. Drilling was initiated in March 1981
4 and the well was tested and certified as complete on July 23, 1981 by the Arizona
5 Department of Water Resources.

6 3.

7 The Allenville Community Development entity provided water to the nascent
8 community using the well built by the State of Arizona. The community renamed itself
9 "Hopeville." On November 8, 1985, the Hopeville Water Company (hereafter "HWC") filed
10 Articles of Incorporation with the Arizona Corporation Commission (hereinafter "ACC")
11 and was registered as a non-profit corporation to exist in perpetuity to provide utility water
12 service to the unincorporated community of Hopeville. The HWC used the water well
13 originally built on behalf of the Allenville Community Development and all its appurtenant
14 pipes, pumps, systems and buildings to provide drinking water supplies to Hopeville. The
15 original incorporators of the HWC were Abraham Harris, Jr. and Clyde Cobbin. The original
16 statutory agent was Louis K. Early.

17 4.

18 The HWC's Articles of Incorporation define its corporate purpose, to whom the
19 corporation serves, the requirement of a member vote for sale or disposal of its water or
20 water rights, and the requirements in case of corporate dissolution. Article III states that the
21 corporation exists "for the purpose of delivering water to the community." Article IV reflects
22 that the corporation's initial business is "organized exclusively to deliver water to *members*
23 [emphasis added] of the community at cost and said corporation shall not distribute or sell or
24 lend water for profit." Article IV thus identifies that the people in the community of
25 Hopeville who receive water from the HWC are its members. Article VI explicitly directs
26

that in the event of dissolution of the HWC, after paying for any liabilities incurred, the
1 directors shall “dispose of all its assets exclusively for charitable, educational, religious or
2 scientific purposes as shall at the time qualify as an exempt organization or organizations
3 under Section 501(c)(3) of the Internal Revenue Code.”

4 5.

5 In addition to helping Hopeville secure water, the State of Arizona granted state lands
6 to Hopeville for public purposes, only, in a series of transactions from the mid-1980s to
7 1990. The grantee to those transactions was a second non-profit corporation, the Hopeville
8 Community for Progress (hereinafter “HCP”). The Articles of Incorporation for the HCP
9 were executed on May 24, 1983. Article II §(A)(1) says the the “purpose of the
10 HOPEVILLE COMMUNITY FOR PROGRESS, INC., shall be to promote the advancement
11 of the civic, cultural, literary, educational, commercial, industrial, agricultural, scientific,
12 historical, and charitable interests of the community known as HOPEVILLE, Arizona.”
13 Article IX explicitly states that in the event of its dissolution, its directors shall:

14
15 transfer such assets [after paying for liabilities] to such organization or organizations under
16 Section 501(c)(3) of the Internal Revenue Code of 1954, as amended; provided, however,
17 that a description of the proposed manner of distribution, including the names of the
18 organizations to which the board of directors proposes to distribute assets, shall be submitted
19 to the members of the corporation for approval thereof by the members.

20 Id. Importantly, Article IX explicitly distinguishes between the “board of directors” and the
21 “members” of the corporation, who must approve any dissolution or winding-down of assets.

22 6.

23 From at least 2007 onward, the same four people—Abraham Harris III; Louis Early;
24 Willie Wilson; and Bobby Smith—have comprised the entire boards of directors for both the
25 HWC and HCP. Abraham Harris III is believed to have also acted as the President of the
26 HWC and HCP as his signature is often made on behalf of both the HWC Board and HWC

Board. On information and belief, Plaintiffs allege that the HWC Board and HCP Board,
1 which are comprised of the same four individual directors, have conspired to divest from
2 both corporations assets belonging to the community of Hopeville for their personal
3 enrichment.

4 8.

5 Divestiture of Assets Belonging to the Hopeville Water Company

6 On October 1, 2010, an application to form a for-profit corporation was submitted
7 (File No. 1621020-0) to the Arizona Corporation Commission (hereinafter "ACC") with the
8 exact same name—"Hopeville Water Company, Inc."—as the HWC formed in 1985. The
9 critical distinction is that the new company was listed as for profit. The new and for profit
10 Hopeville Water Company, Inc. (hereinafter "HWC-FP") issued 100 shares of authorized
11 stock. The new and for-profit HWC-FP listed its corporate purpose with the ACC as
12 "utility—service community with water service." The new and for profit corporation listed
13 the following board members: Abraham Harris [III]; Willie L. Wilson; Louis Early; and
14 Bobby Smith. The incorporators were Abraham Harris [III] and Willie L. Wilson (hereinafter
15 "HWC-FP Board"). These are the exact same board members who have been directing and
16 managing the heretofore non-profit HWC. Abraham Harris III is listed as having a 40%
17 ownership of the new for profit corporation, while Willie Wilson, Louis Early, and Bobby
18 Smith are listed as each having 20% ownership interests.

19 9.

20 Normally, it is not possible to name a new corporation with the exact same name of
21 an existing corporation. In order for the HWC-FP to have acquired use of the exact same
22 name as the original HWC, Plaintiffs aver that at some point prior, the board of the original,
23 non-profit HWC (hereinafter "HWC Board") must have allowed the HWC's corporate status
24 to cease to exist by some action or been allowed to dissolve by some inaction. Plaintiffs, all
25 landowners and receivers of drinking water from the HWC, were not given notice from the
26

HWC Board about the dissolution of the HWC's corporate status by the ACC, which was to have existed into perpetuity according to its Articles of Incorporation.

10.

On December 17, 2012, the HWC filed with the ACC an application for an Opinion and Order to "(i) authorize the sale and transfer of its water system assets, and (ii) for cancellation of the related Certificate of Convenience and Necessity ("CC&N"). Abraham Harris III signed on behalf of the "Hopeville Water Company." Stephen Cleveland signed as Town Manager for the City of Buckeye. Defendants, via counsel, represented to this Court in the June 18, 2013 hearing that the HWC was at that point in the process of winding down its assets.

11.

Plaintiffs were not given notice and the opportunity to approve or disapprove of the decision by the HWC Board to wind-down the HWC through the sale of its primary asset, its water well and the land on which it is located, to the Town of Buckeye. Article IV, §1 requires that any sale or disposal of water and water rights be approved by the HWC's members:

To acquire, by purchase or otherwise hold, own, maintain, control, sell, distribute and otherwise dispose of water and water rights from and to its members, other individuals, firms, corporations, counties or municipalities whom the Board of Directors *and/or members* [emphasis added] of this corporations may from time to time authorize or approve.

Id.

12.

Article IV, §1 clearly distinguishes between the "members" of the HWC corporation (hereinafter "Members") and its Board of Directors. Moreover, Article IV, §1 makes the disposal of "water and water rights" contingent approval by both the Board of Directors and the Members of the corporation together, hence the word "and," or by the Members

themselves, hence the word "or." Any reasonable construction of Article IV, §1 would have
1 required the HWC Board to have scheduled a vote by the Members on the sale of the HWC's
2 water well to the Town of Buckeye. Again, no opportunity to vote—and thus no vote—was
3 given to the Members of the HWC, thus failing to comply with both Article IV, §1 and
4 Arizona Revised Statute 10-3863.

5 13.

6 In addition, Plaintiffs were not given notice by the HWC Board that shortly after the
7 dissolution of the HWC, the HWC Board had formed and filed with the ACC a new, for
8 profit company by the same name, the Hopeville Water Company. While at the hearing
9 before this Court on June 18th, 2013, Defendant, through counsel, stated that a
10 communication by the Internal Revenue Service to the HWC required the formation of a for-
11 profit company by the same name.

12 14.

13 Plaintiffs were not give notice of this recently alleged and suspicious reason for the
14 Defendants forming a for profit company in the same exact name as the original non profit
15 Hopeville Water Company. Defendants' history of selling the assets belonging HCP for
16 personal profit, while board members thereof, strongly suggests that Defendants are trying to
17 explain away their attempt to sell the HWC's assets, while board members thereof, also for
18 personal profit. It is worth noting that the new, for profit HWC has given Abraham Harris III
19 a predominant position in that company with a 40% ownership of shares.

20 15.

21 On May 31, 2013, Plaintiffs to this Complaint received an unsolicited email from Mr.
22 William Lally, counsel for Defendants HWC and Abraham Harris III. The email contained
23 the terms of an offer to forego legal proceedings. This communication makes several
24 important admissions of fact. It admits a sale price of \$771,000 (seven hundred and seventy-
25 one thousand dollars) to the Town of Buckeye for the water system belonging to the HWC .

It further admits and alleged that \$50,000 (fifty thousand dollars) in "Personal Loans" are

1 owed to "principals and banks over recent years to make repairs and maintain system."
2 Plaintiffs were not given notice of any indebtedness in the form of personal loans the HWC
3 had accrued that could threaten its financial solvency, or that would substantiate the winding
4 down of the HWC.

5 16.

6 The May 31, 2013 communication also admits that an amount of \$470,000 (four
7 hundred and seventy thousand dollars) is "to go to pay for any tax liabilities, CPA, Lawyers
8 or other professionals to prepare for all debt remedies and winding down of corporate assets
9 and finally to reimburse the 4 member corporate board as the law allows." This is yet another
10 admission of fact that the HWC Board did not give timely notice to the community of debts
11 in the amount of \$470,000 owed to the "4 member corporate board" or others that might
12 threaten the HWC's solvency. The May 31, 2013 communication admits that only a paltry
13 \$117,500 (one hundred and seventeen thousand five hundred dollars) of the total sale price
14 of \$771,000 is "to be Paid to the Hopeville Community to go toward Community needs or
15 Improvements." An exorbitant amount of \$100,000 (one hundred thousand dollars) is
16 admitted as for attorney's fees for the transaction of the sale of the water well to the Town of
17 Buckeye.

18 17.

19 Divestiture of Assets Belonging to the Hopeville Community for Progress

20 The HCP Board, which is comprised of the same members as the HWC Board, has
21 also conspired to divest the HCP of its assets, breaching its duty of care to the beneficiaries
22 of the HCP's services.

23 18.

24 On December 19, 2012, the ACC issued a Certificate of Dissolution for the HCP. The
25 board members listed in that document are a familiar lot: Abraham Harris [III]; Willie L.

26

Wilson; Louis Early; and Bobby Smith Abraham Harris III. The statutory agent to whom the
1 ACC issued the Certificate of Dissolution is, of course, Abraham Harris III. This Court is
2 reminded here that Articles of Incorporation for the HCP list it as existing into perpetuity,
3 that it had been filing annual reports going back to 1987, and that the State of Arizona
4 granted lands to the HCP for explicitly educational, recreational, and most importantly,
5 public purposes. Plaintiffs were not given notice of the HCP's dissolution by the HCP Board
6 as by Article IV.

7 19.

8 The HCP has also been divested of many of its land-assets by the HCP Board. What
9 follows hereafter are a series of land sales and transactions of HCP lands and interests,
10 approved of by the HCP Board, and then transacted or authorized by Abraham Harris III to
11 himself, his family members, or unknown corporate interests, while supposedly acting as a
12 director and fiduciary to the HCP.

13 20.

14 As a starting point, on August 28, 2008, a Quitclaim Deed was recorded with the
15 Maricopa County Recorder from grantor Andrew Kunasek, Chairman of the Maricopa
16 County Board of Supervisors, on behalf of the County of Maricopa to grantee HCP, "All of
17 Tract G, Hopeville, according to Book 275 of Maps, page 49, records of Maricopa County,
18 Arizona." Plaintiffs do not know precisely why the County of Maricopa was induced to
19 quitclaim its possible interest in Tract G, or who initiated that process. But subsequent
20 transactions make it clear that the beneficiary of the quitclaim issued to the HCP was
21 Abraham Harris III in his personal capacity, in breach of his duty of loyalty as a director of
22 the HCP.

23 21.

24 Consider that on May 5, 2009, a Quitclaim Deed was recorded with the Maricopa
25 County Recorder from grantor HCP to grantee Abraham Harris III for the land known as "all
26

of tract G, Hopeville, according to Book 275 of Maps, page 49, records of Maricopa County,

1 Arizona” and by parcel number 504-29-087. The grantor’s name, printed and signed, is
2 Abraham Harris III. The grantee is also Abraham Harris III. On information and belief, this
3 land belongs to the HCP.

4 22.

5 Consider that on May 5, 2009, a Quitclaim Deed was recorded with the Maricopa
6 County Recorder from grantor HCP to grantee Abraham Harris III for the land known by
7 parcel number 502-29-025A. The name printed and also signed as the grantor is Abraham
8 Harris III. The grantee is also Abraham Harris III. On information and belief, this land
9 belongs to the HCP.

10 23.

11 Consider that on May 5, 2009, a Quitclaim Deed was recorded with the Maricopa
12 County Recorder from grantor HCP to grantee Abraham Harris III for the land known by
13 parcel number 504-29-085. The name printed and also signed as the grantor is Abraham
14 Harris III. The grantee is also Abraham Harris III. On information and belief, this land
15 belongs to the HCP.

16 24.

17 Consider that on October 28, 2009, a Quitclaim Deed was recorded with the Maricopa
18 County Recorder from grantor Terry L. Harris to grantee Abraham Harris III for the land
19 known by Assessor’s Property Tax Parcel 504-29-085, also known as “All of Tract E,
20 Hopeville, according to Book 275 of Maps, page 49, records of Maricopa County, Arizona.”
21 Terry L. Harris is Abraham Harris III’s brother. On information and belief, this land belongs
22 to the HCP.

23 25.

24 Consider that on August 2, 2010, a Special Warranty Deed was recorded with the
25 Maricopa County Recorder from grantor HCP to grantees Michael K. Ben-Horin, Jeri Ben-

26

Horin, and Gloria Ben-Horin of 3200 East Camelback Road, Suite 130, Phoenix, Arizona

1 85018 of "Tracts A and B, of Hopeville, according to the plat of record in the Office of the
2 County Recorder of Maricopa County, Arizona, recorded in Book 275 of Maps, page 49."
3 The parcel number associated with this transaction is 504-29-081. The agent signing on
4 behalf of the HCP is "Abe Harris III, as manager." A sale price of \$75,000 is noted as "paid
5 in full." On information and belief, this land belongs to the HCP and all proceeds from any
6 sales of such lands belong to HCP.

7 26.

8 Consider that on January 15, 2011, a Special Warranty Deed was recorded with the
9 Maricopa County Recorder from grantors Gloria Ben-Horis, Michael K. Ben-Horin, Jeri
10 Ben-Horin, Todd Pizitz, and Hallie Pizitz to GIMITO HOPEVILLE, L.L.C. for "Tracts A
11 and B, of Hopeville, according to the plat of record in the Office of the County Recorder of
12 Maricopa County, Arizona, recorded in Book 275 of Maps, page 49." On information and
13 belief, this land belongs to the HCP.

14 27.

15 The Ben-Horin family own the Benross Corporation, an Arizona corporation, at 3200
16 East Camelback Road, Suite #130, Phoenix, AZ 85018. A review of their corporate website
17 lists two properties for sale at "SEC Yuma Road/Palo Verde Road, Buckeye, Az" of 3.1
18 acres and 1.68 acres. Michael Ben-Horin, in communications with Plaintiff's counsel, has
19 avowed that he did purchase from Mr. Abraham Harris two tracts of land in 2010, one for
20 \$75,000 (seventy-five thousand dollars) and another for, as best he remembers, about
21 \$30,000 (thirty thousand dollars).

22 28.

23 Consider that on December 29, 2011, an electronic document of a Special Warranty
24 Deed was recorded with the Maricopa County Recorder with number 2011-1071249 from
25 grantor Doris Harris, wife of Terry L. Harris, to grantee Abraham Harris III for "all of tract
26

G, Hopeville, according to Book 275 of Maps, page 49, records of Maricopa County,

1 Arizona.” On information and belief, this land belongs to the HCP.

2 29.

3 Consider that on February 13, 2013, an electronic document of a Special Warranty
4 Deed was recorded with Maricopa County Recorder with number 2012-0952097 from
5 grantor Abraham Harris III to grantee Negative Nine LLC, a Nevada Corporation two
6 parcels, “All of Tract G, Hopeville, according to Book 275, Book of Maps, page 49, records
7 of Maricopa County.” Additionally, a second parcel is also deeded, “All of Tract E,
8 Hopeville, according to the Book 275 of Maps, page 49, records of Maricopa County.” On
9 information and belief, this land belongs to the HCP.

10 30.

11 Plaintiffs know little about Negative Nine LLC other than it was incorporated in
12 Nevada on November 30, 2011 and its file number is E0641652011-9. The registered agent
13 for Negative Nine LLC is Octal S. Capital Asset Corporation, a close corporation with file
14 number C1483-1995.

15 31.

16 The registered agent for Octal S. Capital Asset Corporation is Ryan A. Scott of 7644
17 Chaumont Street, Las Vegas, Nevada 89123 or 2200 Tedesca Drive, Henderson, NV 89052.
18 The principals are Charles R. Scott and Jeneen A. Scott of 3904 Genoa Drive, Las Vegas,
19 Nevada 89141. The treasurer is Trevor Scott.

20 32.

21 Plaintiffs allege, on information and belief, that Abraham Harris III, Willie Wilson,
22 Louis Early, and Bobby Smith have acted in concert to do the wrongful acts of divesting the
23 assets of the HWC and HCP in breach of their duties of good faith, loyalty, and due care to
24 both corporations, and have done so for purposes of personal enrichment.

25 **JURISDICTION AND VENUE**

26

33.

1 This Court has jurisdiction because the acts of the Defendants complained of herein
2 occurred in Maricopa County, Arizona, and the Defendants are all individual and corporate
3 citizens of Arizona, and the lands and property at issue are all located in Maricopa County,
4 Arizona.

5 **PARTIES**

6 34.

7 Plaintiffs Alvin Cobbins, Ruby Cooper, Anola Hubbert, James Brown Jr., Matilda
8 White, and Georgia Land are all homeowners or landowners in Hopeville, Arizona, at the
9 time of the allegations made in this Complaint and currently own land and homes in
10 Hopeville, Arizona, and who would be harmed by the pending sale of the water well and
11 lands complained of herein, and have been harmed by the acts complained of herein.

12 35.

13 Plaintiff Concerned Citizens Group of Hopeville Arizona is an unincorporated
14 organization of concerned residents of Hopeville, whose water rights and property interests
15 have been managed by the HWC and HCP, and who have joined together as a Plaintiff to
16 this Complaint, and who would be harmed by the sale of the water well and lands
17 complained of herein.

18 36.

19 Nominal Defendant Hopeville Water Company (HWC) is a non-profit corporation
20 organized in Arizona in 1985 and is believed to have been improperly dissolved in 2010, and
21 which would be harmed by the sale of the water well and lands complained of herein.

22 37.

23 Nominal Defendant Hopeville Community for Progress (HCP) is a non-profit
24 corporation organized in Arizona in 1983 and believed to be existing currently, and which
25 has been harmed by the sale of the lands complained of herein.

26

38.

1 Defendant Hopeville Water Company (HWC-FP) is a for-profit corporation organized
2 in Arizona in 2010 and existing currently with directors Abraham Harris III, Louis Early,
3 Willie Wilson, and Bobby Smith.

4 39.

5 Defendant Abraham Harris III is an Arizona resident and has served on the board of
6 directors of the HWC, the HWC-FP, and HCP at the time of the allegations made in this
7 Complaint and currently, and is named President of the boards of the HWC, HWC-FP, and
8 HCP.

9 40.

10 Defendant Willie Wilson is an Arizona resident and has served on the board of
11 directors of the HWC, the HWC-FP, and HCP at the time of the allegations made in this
12 Complaint and currently.

13 41.

14 Defendant Bobby Smith is an Arizona resident and has served on the board of
15 directors of the HWC, the HWC-FP, and HCP at the time of the allegations made in this
16 Complaint and currently.

17 42.

18 Defendant Louis Early is an Arizona resident and has served on the board of directors
19 of the HWC, the HWC-FP, and HCP at the time of the allegations made in this Complaint
20 and currently.

21 **DEFENDANT'S DUTIES TO THE HWC**

22 43.

23 Under the requirements of Arizona Revised Statute 10-3830, Defendants were
24 required to act in good faith, with the care of an ordinarily prudent person in a similar
25

26

circumstance, acting in the best interests of the corporation, and by virtue of their duties

1 Defendants were required to:

2 (A) Maintain in good standing the corporate status of the HWC with the Arizona

3 Corporation Commission in adherence with the HWC's Articles to exist in

4 perpetuity;

5 (B) Provide adequate and meaningful notice to Members of actions or transactions

6 requiring their vote as Members;

7 (C) Ensure that the HWC maintained appropriate records of all financial transactions,

8 board resolutions, and Member votes, and disseminate truthful and accurate

9 communications thereof to the Members of the Hopeville community;

10 (D) Remain informed as to any acts or transactions which would inhibit the ability of the

11 HWC to fulfill its corporate purpose and, when informed of imprudent or unsound

12 conditions or practices, to make reasonable inquiry in connection therewith, and to

13 take steps to correct such conditions and make regular and appropriate disclosures to

14 the Members of the Hopeville community.

15 (E) Provide notice to their service beneficiaries of changes in corporate financial

16 condition that might jeopardize their ability to provide ongoing, critical water supply

17 to the Members.

18 (F) Provide notice to the Members of self-interested transactions engaged in by HWC

19 directors.

20 (G) Refrain from and correct any ultra vires acts that would prevent the HWC from

21 fulfilling its corporate purpose.

22 44.

23 Defendants breached their fiduciary duty of care to the HWC by allowing the

24 corporate status to be dissolved on or about 2010. Defendants breached their duty of loyalty

25 to the HWC by forming a for-profit corporation with the same name, the "Hopeville Water

26

Company,” and by taking a financial interest in that for-profit corporation. Defendants

1 breached their duty of care by failing to have the Members of the HWC vote on the proposed
2 disposal of the HWC’s primary asset, its water well, to the Town of Buckeye. Defendants
3 breached their duty to maintain adequate records of financial transactions. Defendants have
4 breached their duty of care by failing to communicate accurately, truthfully and in a timely
5 manner with the Members of the Hopeville community about transactions that might affect
6 the ability of the HWC to fulfill its corporate purpose, including its alleged indebtedness to
7 directors or third parties.

8 **DEFENDANT’S DUTIES TO THE HCP**

9 45.

10 Under the requirements of Arizona Revised Statute 10-3830, Defendants were
11 required to act in good faith, with the care of an ordinarily prudent person in a similar
12 circumstance, acting in the best interests of the corporation, and by virtue of their duties
13 Defendants were required to:

- 14 (A) Maintain in good standing the corporate status of the HCP with the Arizona
15 Corporation Commission in adherence with the HCP Articles to exist in perpetuity;
- 16 (B) Provide adequate and meaningful notice to service beneficiaries of the HCP of
17 actions or transactions that could affect its ability to fulfill its corporate purpose;
- 18 (C) Ensure that the HCP maintained appropriate records of all financial transactions and
19 board resolutions, and disseminate truthful and accurate communications thereof to
20 its service beneficiaries in the Hopeville community;
- 21 (D) Remain informed as to any acts or transactions which would inhibit the ability of the
22 HCP to fulfill its corporate purpose and, when informed of imprudent or unsound
23 conditions or practices, to make reasonable inquiry in connection therewith, and to
24 take steps to correct such conditions and make regular and appropriate disclosures to
25 its service beneficiaries in the Hopeville community.

- 1 (E) Provide notice to their service beneficiaries of changes in corporate financial
2 condition that might jeopardize its ability to provides services to the Hopeville
3 community.
4 (F) Provide notice to its service beneficiaries of self-interested transactions engaged in
5 by HCP directors.
6 (G) Refrain from and correct any ultra vires acts that would prevent the HCP from
7 fulfilling its corporate purpose to its service beneficiaries.

8 46.

9 Defendants breached their fiduciary duty of care and loyalty to the HCP and its
10 service beneficiaries by allowing lands belonging to the HCP to be deeded to a self-
11 interested director, Abraham Harris III, and then to third party individuals and corporations;
12 by failing to accurately and truthfully disclose those interested transactions to the members
13 of the Hopeville community; and by failing to maintain adequate records of financial
14 transactions, board meetings, and votes.

15 **DEMAND FUTILITY**

16 47.

17 Based on the facts set forth herein, and the rule that equity does not compel a useless
18 and futile act, a pre-filing demand per Arizona Revised Statutes §10-3632 upon the directors
19 of the HWC or HCP to institute this action is excused as futile.

20 48.

21 A pre-filing demand would be futile as to the HWC because all four Defendant
22 directors of the non-profit HWC face a substantial likelihood of personal liability for their
23 conduct while on the HWC board during the relevant period. Thus, they have lost any claim
24 of being disinterested and capable of acting loyally to the HWC. Also, if the non-profit HWC
25 has been dissolved, as some records from the Arizona Corporation Commission would seem
26 to suggest, it would be futile to present a demand to a board which no longer exists. None of

their alleged actions in this Complaint, while on the HWC Board, could be considered

protected business judgments. A pre-filing demand would be asking all this interested

Defendant directors to investigate themselves and is excused.

49.

A pre-filing demand would be futile as to the HCP because all four Defendant directors face a substantial personal liability for their conduct while on the board of the HCP during the relevant period. Defendant director Abraham Harris III has sold several tracts of lands belonging to the HCP and received proceeds from those sales and thus has lost any claim of being disinterested and capable of acting loyally to the HCP. Defendant Harris may control the remaining Defendant directors Willie L. Wilson, Louis Early, and Bobby Smith by means their intertwined relationship with the HWC and subsequent HWC-FP. It is also very possible that Defendant directors Willie L. Wilson, Louis Early, and Bobby Smith also received financial benefits or compensation as part of the transactions of HCP land made by Defendant Abraham Harris, which discovery may determine. None of these actions could be considered protected business judgments. A pre-filing demand would be asking all this interested Defendant directors to investigate themselves and is excused.

COUNT I

Against All Defendants for Breach of Fiduciary Duty of Loyalty and Due Care in Connection with Management of the Hopeville Water Company

50.

Plaintiff incorporates by reference all preceding and subsequent paragraphs as if full set forth herein.

51.

All Defendants had a fiduciary duty of loyalty to the HWC to ensure that the assets of the company, including its water well and water system, were not divested from the HWC for purposes of personal profit of its directors. All Defendants had a fiduciary duty of

care to ensure that the HWC's corporate status was maintained with the Arizona Corporation
1 Commission. All Defendants had a duty to ensure that financial records were properly kept
2 and available to Members. All Defendants had a duty to ensure that all transactions done
3 were approved by disinterested board members. All Defendants had a duty to communicate
4 truthfully and regularly with Members of the Hopeville community served by the HWC
5 about important corporate decisions that might affect the HWC. All Defendants had a duty to
6 ensure that any sale or disposal of water and water assets be approved by a vote of the
7 Members. All Defendants had a duty to ensure that dissolution of assets of the HWC, if
8 necessary and in good faith, be done in a manner consistent with its Articles, which required
9 that any HWC assets left after payment of liabilities be given to non-profit entities.

10 52.

11 All Defendants willfully and purposefully allowed the HWC to be dissolved and
12 formed a private for-profit corporation in the same name—for clarity, the HWC-FP—that
13 clouded title to the rightful ownership of the water well and water system of the non-profit
14 HWC. In so doing, they have abdicated their fiduciary good faith duty of loyalty and due
15 care to the corporation, which could not have been the exercise of a valid business judgment.

16 53.

17 As a direct and proximate result of Defendants' breaches of fiduciary duties, the
18 HWC has suffered significant damages, and the Plaintiffs have been divested of assets that
19 heretofore had been serving the Hopeville community.

20 **COUNT II**

21 **Against All Defendants for Breach of Fiduciary Duty of Loyalty and Due Care in**
22 **Connection with Management of the Hopeville Community for Progress**

23 54.

24 Plaintiff incorporates by reference all preceding and subsequent paragraphs as if
25 full set forth herein.

26

55.

1 All Defendants had a fiduciary duty of loyalty to the HCP to ensure that the
2 assets of the company, its lands, were not divested from the HCP for purposes of the
3 personal profit of Defendant director Abraham Harris or themselves. All Defendants had a
4 fiduciary duty of care to ensure that the lands belonging to the HCP be used for educational
5 and public purposes benefitting the Hopeville community and not sold to third parties, nor
6 the proceeds of any sales be used for personal benefit.

7 56.

8 As a direct and proximate result of Defendants' breaches of fiduciary duties, the
9 HCP has suffered significant damages, and the Plaintiffs have been divested of lands that
10 heretofore had been serving the Hopeville community.

11 COUNT III

12 Against All Defendants Directors for Unjust Enrichment

13 57.

14 Plaintiff incorporates by reference all preceding and subsequent paragraphs as if
15 full set forth herein.

16 58.

17 Defendant director Abraham Harris III has received at least \$75,000 (seventy five
18 thousand dollars) and \$30,000 (thirty thousand dollars) in two transactions of land belonging
19 to the HCP to the Ben-Horin family. It is unknown whether portions thereof, or other
20 monies, were also given to the other three Defendant directors. Defendant directors have also
21 received moneys—at least \$12,500 (twelve thousand five hundred dollars)—from the Town
22 of Buckeye for a purchase option given to them for the sale of the HWC's water well and
23 water system.

24 59.

25

26

To remedy Defendants' unjust enrichment, the Court should order them to
1 disgorge to a trustee for the HWC and HCP, all the moneys received from the sale or transfer
2 of any assets belonging to the HWC and HCP.

3 **COUNT IV**

4 **Against All Defendants for an Accounting of the HWC and HCP**

5 60.

6 Plaintiff incorporates by reference all preceding and subsequent paragraphs as if
7 full set forth herein.

8 61.

9 Defendants engaged in a scheme to sell and transfer the assets belonging to the
10 HWC to themselves through fictitious and undocumented loans allegedly given to the HWC,
11 and to sell and transfer lands belonging to the HCP to themselves and third parties for
12 personal profit.

13 62.

14 As a result of Defendants' misconduct, the HWC and HCP have been damaged
15 financially and are entitled to a recovery as a result thereof.

16 63.

17 Plaintiffs demand an accounting be made of all transactions and financial records
18 made by the HCP and HWC from the year 2005 to the present.

19 **COUNT V**

20 **Against All Defendants for Rescission**

21 64.

22 Plaintiff incorporates by reference all preceding and subsequent paragraphs as if
23 full set forth herein.

24 65.

As a result of the Defendants' acts alleged in this Complaint, lands belonging to the HCP and the water assets and land belonging to the HWC have been contracted, sold or transferred without authority to Defendants and unknown third parties.

66.

As a result of Defendants' misconduct, the transactions entered into were in breach of their fiduciary duties of loyalty, good faith, and due care.

67.

Plaintiffs demand that all contracts or transactions entered into by the HWC and HCP during the relevant period should be rescinded, with all sums paid under such contracts returned to a trustee for the HWC and HCP, and all such executory contracts cancelled and declared void.

COUNT VI

Against All Defendants Directors for Conspiracy

68.

Plaintiff incorporates by reference all preceding and subsequent paragraphs as if full set forth herein.

69.

Defendants did agree upon, and engage in overt acts, to wrongfully sell or transfer assets belonging to the HWP and HCP to themselves or third parties.

70.

As a result of Defendants' misconduct, the HWC and HCP have entered into transactions which have divested them of assets necessary to their corporate purposes.

WHEREFORE, Plaintiffs demand judgment as follows:

(A) Against all Defendants and in favor of the HWC and HCP for the amount of damages sustained by them as a result of Defendants' misconduct.

- 1 (B) Ordering the removal of Abraham Harris III, Louis Early, Willie Wilson, and Bobby
2 Smith from the boards of the HWC and HCP, and precluded them from voting as
3 Members or directors or participating in any way thereafter in the affairs of either
4 company.
5 (C) Ordering a trustee be appointed to manage the day-to-day affairs of the HWC and
6 HCP until such time as new board be appointed or elected, in adherence with the
7 original Articles and by-laws of the HWC and HCP.
8 (D) Awarding to Plaintiffs the costs and disbursements of the action, including
9 reasonable attorney's fees.
10 (E) Granting such other relief as the Court deems just and proper.

11 DATED this 26 day of June, 2013.

12 Gerardo Ivan Hannel PLLC

13 By: 
14 _____

Gerardo Ivan Hannel

15 Gerardo Ivan Hannel PLLC
16 3840 North 32nd Street Suite
17 Phoenix, AZ 85018
18
19
20
21
22
23
24
25
26

VERIFICATION

1 STATE OF ARIZONA)
County of Maricopa)

2
3
4 Georgia Land being first duly sworn on oath, deposes and states:

5
6 I am the Plaintiff in the above-entitled action; I have read the foregoing Complaint; that the
7 facts and matters alleged therein are true in substance and in fact to the best of my knowledge,
8 except as to those matters alleged on information and belief, and as to those matters I believe them to
9 be true.

10
11 Georgia L. Land
12 Georgia Land

13
14 SUBSCRIBED AND SWORN TO before me this 24th day of June, 2013.

15
16
17 Notary Public: Brenda Chavez-Sanders

18 My Commission Expires: Feb 14, 2014
19



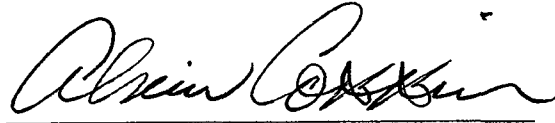
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

VERIFICATION

STATE OF ARIZONA)
County of Maricopa)

Alvin Cobbins being first duly sworn on oath, deposes and states:

I am the Plaintiff in the above-entitled action; I have read the foregoing Complaint; that the facts and matters alleged therein are true in substance and in fact to the best of my knowledge, except as to those matters alleged on information and belief, and as to those matters I believe them to be true.

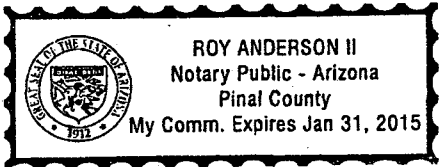


Alvin Cobbins

SUBSCRIBED AND SWORN TO before me this 25th day of June, 2013.

Notary Public: 

My Commission Expires: Jan 31, 2015



VERIFICATION

1 STATE OF ARIZONA)
County of Maricopa)

2
3 James Brown Jr. being first duly sworn on oath, deposes and states:
4

5
6 I am the Plaintiff in the above-entitled action; I have read the foregoing Complaint; that the
7 facts and matters alleged therein are true in substance and in fact to the best of my knowledge,
8 except as to those matters alleged on information and belief, and as to those matters I believe them to
9 be true.

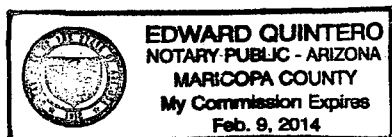
10
11 

12 James Brown Jr.

13
14 SUBSCRIBED AND SWORN TO before me this 24 day of June, 2013.

15
16
17 Notary Public: 

18 My Commission Expires: February 09, 2014
19



VERIFICATION

1 STATE OF TEXAS)
2 County of Harris)
3

4 Matilda White being first duly sworn on oath, deposes and states:
5

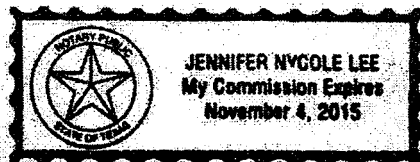
6 I am the Plaintiff in the above-entitled action; I have read the foregoing Complaint; that the
7 facts and matters alleged therein are true in substance and in fact to the best of my knowledge,
8 except as to those matters alleged on information and belief, and as to those matters I believe them to
9 be true.
10

11 Matilda White
12 Matilda White
13

14 SUBSCRIBED AND SWORN TO before me this 24th day of June, 2013.
15

16
17 Notary Public: J. N. Lee
18

19 My Commission Expires: November 4, 2015
20



VERIFICATION

1 STATE OF ARIZONA)
2 County of Maricopa)

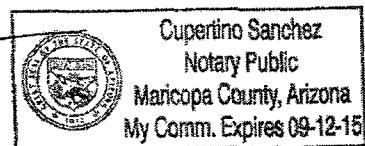
3
4 Ruby Cooper being first duly sworn on oath, deposes and states:

5
6 I am the Plaintiff in the above-entitled action; I have read the foregoing Complaint; that the
7 facts and matters alleged therein are true in substance and in fact to the best of my knowledge,
8 except as to those matters alleged on information and belief, and as to those matters I believe them to
9 be true.

10
11 
12 Ruby Cooper

13
14 SUBSCRIBED AND SWORN TO before me this 26th day of June, 2013.

15
16
17 Notary Public. 



18 My Commission Expires: 09/12/2015
19
20
21
22
23
24
25
26

Exhibit 2

SUPERIOR COURT OF ARIZONA
MARICOPA COUNTY

CV 2013-002997

07/29/2013

JUDGE DOUGLAS L. RAYES

CLERK OF THE COURT
T. Springston
Deputy

ALVIN COBBIN, et al.

GERARDO IVAN HANNEL

v.

ABRAHAM HARRIS III, et al.

CHRISTOPHER A LAVOY

WILLIAM E LALLY
FRANK S TOMKINS

RULING

Central Court Building – Courtroom 704

9:38 a.m. This is the time set for an Evidentiary Hearing on Plaintiffs' Motion for Temporary Injunction (to enjoin distribution of the proceeds of the sale of Hopeville Water Company). Plaintiffs are represented by counsel, Gerardo Ivan Hannel. Defendants Abraham Harris, III; Hopeville Water Company, Inc.; and Hopeville Community for Progress, Inc. are represented by counsel, Christopher A. LaVoy. Intervenor Town of Buckeye is represented by counsel, Frank S. Tomkins.

A record of the proceedings is made by audio and/or videotape in lieu of a court reporter.

Discussion is held regarding Plaintiffs' Verified Member Derivative Complaint for: 1. Breach of Fiduciary Duties; 2. Unjust Enrichment; 3. Accounting; 4. Rescission; 5. Conspiracy, filed June 27, 2013; and Defendants' Motion to Dismiss Derivative Complaint, filed July 8, 2013.

The Court finds that this is a derivative action. For reasons stated on the record,

SUPERIOR COURT OF ARIZONA
MARICOPA COUNTY

CV 2013-002997

07/29/2013

IT IS ORDERED granting Defendants' Motion to Dismiss Derivative Complaint with leave to amend.

IT IS FURTHER ORDERED Plaintiffs shall file an amended complaint within 120 days (by **5:00 p.m. November 26, 2013**). The new amended complaint shall include all requests by Plaintiffs including preliminary injunction if they choose.

10:07 a.m. Matter concludes.

BEFORE FILING ANY DISCOVERY MOTION, parties are instructed to contact this division for an informal teleconference. Division contact information: Judicial Assistant, Mary Farmer, phone: (602)506-0816.

For copies of hearings or trial proceedings recorded, please call Electronic Records Services at (602)506-7100. Should an official transcript be required, you may request that the court prepare it. The party ordering the transcript must pay for it. To request a transcript, call (602)506-7100 and provide the date of the proceeding, the case number, the case caption, if the transcript is for an appeal, and your name, address, and telephone number.

Pursuant to Part 1, Chapter 6, Section 1-602 D (4)(a), of the Arizona Code of Judicial Administration, **if a court reporter is present**, the court reporter's record is the official record and requests for transcripts shall be made by contacting the court reporter at (602)506-6100 or email request to lineburgc@superiorcourt.maricopa.gov.

ALERT: The Arizona Supreme Court Administrative Order 2011-140 directs the Clerk's Office not to accept paper filings from attorneys in civil cases. Civil cases must still be initiated on paper; however, subsequent documents must be eFiled through AZTurboCourt unless an exception defined in the Administrative Order applies.

Exhibit 3

----- Original Message -----

From: William E. Lally
To: Barbara DeRuiter (Barbara.DeRuiter@peoriaaz.gov) ; baderuiter1@cox.net
Cc: Abe Harris (AH_3@live.com)
Sent: Friday, May 31, 2013 12:19 PM
Subject: Hopeville - Follow up

Barbara:

Please review below and forward this to Alvin. I spoke to Abe Harris yesterday who as I think you know has been in the hospital recently. Abe's health is not great right now and I am not sure when he will be up for rescheduling the meeting. However, he did give me the authority to begin reaching out to you and describe what we believe would be the framework for a distribution of the of the sales proceeds in an effort to see if we can begin to come up with a compromise. What I have described below is a general framework based on the information that we currently have, and an estimate of what is unknown. The offer below is of course contingent on your group agreeing to withdraw your opposition at the ACC hearing and withdraw your request for injunctive relief in Superior Court. I know that you have also asked for many historical documents and records of the company's operations and corporate activities over the last few years, but frankly those records have not been well maintained and will be very difficult to organize. I have provided you everything that I have available to me, and frankly recreating all the requested records is not a good use of my client's time right now or of my legal fees. If we receive an order from the ALJ requesting those documents, then my client will then have to make the decision to spend time and money to produce those documents. However, if there is a specific question that you have now about those documents, please let me know and I will try and find the answer.

Potential Framework:

Total price	\$771,000.00
Funds already paid	-\$12,500.00 (approx.)
Total due from Town	\$758,500.00
Approximate Costs:	
Legal	-\$100,000.00 (estimated may be more depending on length of ACC case and Superior Ct. case)
Utility Consultant	-\$10,000.00
Utility Engineer	-\$10,000.00 (+ 10% after June 2013)
Personal Loans	-\$50,000.00 (loans from principals and banks over the recent years to make repairs and maintain system)
Taxes	UNKNOWN (This one could be \$2K or \$20K)
Subtotal:	\$587,500.00 (without back taxes)
Approx. 20% of balance to be Paid to Hopeville	
Community to go toward Community needs or Improvements.	-\$117,500.00

Remaining amount to go to pay for any tax liabilities, CPA, Lawyers or other professionals to prepare for all debt remedies and winding down of corporate entity, and finally to reimburse the 4 member corporate board as the law allows.

Exhibit 4

06/27/2013 - 019 - Ruling
06/27/2013 - SCM - - PART 1 OF 1 - ID 5316882
06/26/2013 - 003 - Hearing Reset
06/21/2013 - NOT - Notice - PART 1 OF 1 - ID 5309069
06/12/2013 - MTI - Motion to Intervene - PART 1 OF 2 - ID 5293081
06/12/2013 - MOT - Motion - PART 2 OF 2 - ID 5293081
05/28/2013 - MOT - Motion - PART 1 OF 2 - ID 5267713
05/28/2013 - MOT - Motion - PART 2 OF 2 - ID 5267713
05/28/2013 - NAR - Notice Of Appearance - PART 1 OF 1 - ID 5267717
05/13/2013 - MOT - Motion
05/10/2013 - ODF - Order Deferring Court Fees
05/10/2013 - CME - Credit Memo
05/10/2013 - ADW - Application Deferral/Waiver
05/10/2013 - MTI - Motion to Intervene
05/09/2013 - NOT - Notice - PART 1 OF 1 - ID 5244531
05/09/2013 - CAN - Credit Memo Appearance Fee Paid
05/02/2013 - 056 - Hearing Set
04/22/2013 - MOT - Motion
04/19/2013 - REQ - Request
04/15/2013 - 004 - Hearing Continued
04/12/2013 - AFS - Affidavit Of Service
04/10/2013 - AFS - Affidavit Of Service
04/08/2013 - REQ - Request
04/08/2013 - OSC - Order To Show Cause
03/29/2013 - COM - Complaint
03/29/2013 - CCN - Description varies by case type
03/29/2013 - CSH -
03/29/2013 - NOT - Notice
03/29/2013 - OSC - Order To Show Cause
